

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 USIE-00 AGR-05 SSO-00 NSCE-00 INRE-00

SP-02 AID-05 EB-07 NSC-05 CIEP-01 TRSE-00 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 PA-01 PRS-01 COME-00 /075 W

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC IMMEDIATE 5780

INFO AMEMBASSY ABU DHABI

AMEMBASSY CAIRO 2177

AMEMBASSY DAMASCUS

AMEMBASSY MANAMA

AMEMBASSY KUWAIT

C O N F I D E N T I A L JIDDA 6038

E.O. 11652: GDS

TAGS: ETRD, PFOR, SA

SUBJECT: POST ASSESSMENT OF REACTION TO PROSPECTIVE ANTI-BOYCOTT
LEGISLATION

REF (A) STATE 220131, (B) STATE 216549,

SUMMARY: SAG LEADERS APPRECIATE EXECUTIVE BRANCH
EFFORTS TO LESSEN POSSIBLE IMPACT
HARMFUL ANTI-BOYCOTT LEGISLATURE
ON US SAUDI COMMERCIAL TIES. SAUDI LEADERS VIEW CONGRESSIONAL
MOVES AS PART OF PRESIDENTIAL CAMPAIGN POLITICS: BINDING
LEGISLATION THAT LEAVES LITTLE ROOM FOR FLEXIBILITY IN
TRADE PRACTICES, HOWEVER, COULD DISLOCATE OUR COMMERCIAL
EFFORTS AND PERHAPS LESSEN SAG'S WILL TO HOLD LINE ON
PRICE OF OIL.

1. WHILE MUCH OF SAUDI OFFICIAL AND PRIVATE SECTORS
CONSIDER ANTI-BOYCOTT ACTIONS AS VAGARIES OF AN ELECTION
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YEAR, SIMILAR TO WHAT HAS BEEN EXPERIENCED IN DIFFERENT

FORMS IN THE PAST TWO DECADES, THERE IS A PERVASIVE UNDER-CURRENT OF APPREHENSION THAT THE MOMENTUM OF WHAT IS REGARDED AS PRO-ISRAELI ACTIONS MAY BE PROCEEDING TO POINT OF NO RETURN. THE MAJORITY OF SAUDI GOVERNMENT AND BUSINESS OFFICIALS BELIEVE THAT PRIMARY GOAL OF U.S. ANTI-BOYCOTT FACTIONS IS TO WEAKEN IF NOT ERADICATE ALL ECONOMIC COMMERCIAL TIES BETWEEN SAUDI ARABIA AND THE UNITED STATES. TOP SAG FIGURES ARE AWARE OF DISADVANTAGES OF OVER-REACTING, BUT THERE ARE LIMITATIONS TO THEIR ENDURANCE AND PERSEVERANCE. MANY SAUDIS, HOWEVER, ARE STRONG ADHERENTS TO THE BOYCOTT IN ALL ASPECTS.

2. AN EDITORIAL ENTITLED "BOYCOTT TROUBLE" FROM THE ARAB NEWS OF SEPTEMBER 2-3, 1976, REFERRING TO THE HOUSE OF REPRESENTATIVES BILL REGARDING THE BOYCOTT, PRESENTS THE GENERAL SAUDI VIEW: QUOTE THE ARAB BOYCOTT IS NOT, AS NEW YORK CONGRESSMAN ROSENTHAL, THE SPONSOR OF THE BILL HAS MAINTAINED, AIMED AT AMERICAN OR OTHER WESTERN BANKS OR BUSINESS WITH JEWISH BOARD MEMBERS OR STOCKHOLDERS. WHILE MANY BANKS AND BUSINESSES WHICH ARE BOYCOTTED FOR THEIR DEALINGS WITH ISRAEL DO HAVE JEWISH PARTICIPATION, THAT IS NOT THE REASON FOR THEIR BEING BLACKLISTED. THE BOYCOTT IS ANTI-ZIONIST, NOT ANTI-JEWISH, I.E., IT IS AIMED AT THE STATE OF ISRAEL AND NOT JEWS AS SUCH. WHILE THE ISRAELIS LIKE TO CLAIM THERE IS NO DIFFERENCE BETWEEN THE TWO, THE ARAB BOYCOTT OFFICE IN DAMASCUS HAS DONE ITS HONORABLE BEST TO MAINTAIN THAT DISTINCTION WHENEVER POSSIBLE. AFTER ALL, SOME OF THE MOST COMMITTED ZIONISTS ARE GENTILES, AND SOME OF ISRAEL'S SHARPEST CRITICS ARE JEWS. UNQUOTE.

ALSO, THE SAME ARTICLE NOTES, QUOTE. ...THE BILL HAS SERVED ONE OF ITS PRIMARY PURPOSES, IN THIS ELECTION YEAR, BY THE MERE FACT OF ITS INTRODUCTION AND IMPASSIONED ADVOCACY IN THE PUBLIC FORUM OF THE HOUSE. END QUOTE.

3. REGARDING PARA II OF REFTEL B, THE FOLLOWING EXTRACT FROM SAME EDITORIAL NOTED ABOVE IS PERTINENT, AND WE CONFIDENTIAL

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BELIEVE REFLECTS OFFICIAL SENTIMENT. QUOTE. FROM THE NEWS REPORTS SO FAR AVAILABLE ON THE COMMITTEE'S VOTE, IT APPEARS THAT THE ADMINISTRATION, TO ITS CREDIT, HAS OPPOSED THE BILL IN COMMITTEE AND INTENDS TO DO LIKEWISE BEFORE IT COMES TO A VOTE BEFORE THE ENTIRE BODY. THE ADMINISTRATION'S ARGUMENT IS, IT WAS REPORTED, TWO-FOLD: (1) THAT THE BILL WILL ANTAGONIZE THE ARAB COUNTRIES AND IS THEREFORE BAD BUSINESS, AND (2) THAT THE BEST WAY TO

LEAL WITH WHAT IT WAS AGREED AN UNFORTUNATE SITUATION
WAS THROUGH "QUIET DIPLOMACY" AIMED AT GETTING THE ARAB
STATES TO RELAX OR DROP THE BOYCOTT ALL TOGETHER.
END QUOTE.

4. SAUDIS FEEL GENERALLY THAT THIS IS YET ANOTHER
NETTLE IN HISTORY OF RELATIONS WITH U.S. MOST OF HIGHER
DECISION MAKERS ARE INCLINED TO RIDE IT OUT, BUT
RESPONSIVENESS OF SAG TO POPULAR ARAB SENTIMENT AT HOME
AND ABROAD MAY FORCE IT TO TAKE ACTION HARMFUL TO OUR COMMERCIAL
ACTIVITY SHOUD BILLS BE PASSED IN PRESENT FORM.

5. ANOTHER UNFORTUNATE RESULT OF SUCCESSFUL HIRC BILL COULD
BE LESSENING OF SAUDI DETERMINATION TO KEEP LID ON PRICE
OF OIL.
PORTER

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